

Rep. Peter Welch on Tuesday introduced legislation calling on the Federal Reserve to prevent debit card providers from charging out-of-control fees to small businesses.

The Electronic Check Parity Act of 2010, which seeks to treat electronic check payments like their paper check counterparts, is similar to an amendment filed in the Senate yesterday by Sen. Dick Durbin to financial regulatory reform legislation. The Welch bill empowers the Federal Reserve to apply to debit cards the same processing rules applied to checks, which do not cause undue financial hardship to small businesses.

"If the credit card industry wants to keep marketing debit cards as 'electronic checks,' it ought to follow the same rules check issuers follow. The industry shouldn't keep charging small businesses outrageous swipe fees," Welch said. "As Sen. Durbin recognizes, small businesses throughout the country are struggling and simply deserve fairer treatment."

Welch's Electronic Check Parity Act would also prevent credit card companies from restricting merchants' ability to set a minimum or maximum payment for credit card users, and it would allow merchants to offer discounts for cash, check and debit cards. Another amendment introduced yesterday by Durbin – and cosponsored by Sens. Patrick Leahy and Mary Landrieu – would do the same.

Durbin said, "Every time you make a purchase with a debit card, the bank that issued your card gets a cut of the sale amount, and the cut that they take keeps growing. Small businesses and consumers are getting hit over and over by the big banks, which end up making billions from these hidden fees. Debit card and credit card fees need to be brought under control so working Americans don't get shortchanged. "

Welch first called for fair debit card processing fees at a Capitol Hill press conference last week, during which small business owners delivered two million signatures calling for fair swipe fee rules. Welch, along with Rep. Bill Shuster is the author of the Credit Card Interchange Fees Act (H.R. 2382).